

Washington, DC (Sept. 17, 2012)— September 17, 2012—Today, Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, and Rep. John F. Tierney, Ranking Member of the Subcommittee on National Security, Homeland Defense and Foreign Operations, sent a [letter](#) to the Office of Management and Budget requesting support for, and input on, [H.R. 5891](#) , The Defense Base Act Insurance Improvement Act of 2012.

“This is a common-sense bill that would save the American taxpayers billions of dollars,” said Tierney. “Numerous government audits have concluded that we are paying too much for workers’ compensation insurance for overseas government contractors, and that these workers aren’t getting what they deserve. It’s time to fix this program.”

The legislation would transition the existing Defense Base Act (DBA) insurance program to a government self-insurance program. According to a 2009 Pentagon [study](#) , this change could save as much as \$250 million a year. The study found: “In the long run, the self-insurance alternative may have the greatest potential for minimizing DBA insurance costs, and it has several administrative and compliance advantages as well.”

“We are sponsoring this legislation because several audits of the current DBA program have documented enormous unnecessary costs incurred by taxpayers,” Cummings and Tierney wrote.

The existing system has been a boondoggle for private insurance companies, which have reaped enormous profits under the program. According to an Oversight Committee [investigati on](#) , insurance companies providing DBA insurance in Iraq and Afghanistan have made enormous underwriting profits that are significantly higher than those of traditional workers’ compensation insurers.

The letter from Tierney and Cummings requests support for the legislation and notes that “OMB may be evaluating similar options.”